

MEMORANDUM

Date: March 24, 2000

From: Tracey Wilson
Common Carrier Bureau
Policy & Program Planning Division
445 12 Street
5-C150
S.W., Washington, D.C.

To: Office of the Secretary
445 12 Street.
TW-B204F
S.W., Washington, D.C.

RECEIVED

MAR 24 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

DOCKET FILE COPY ORIGINAL

Subject: CC Docket ~~98-146~~

99-294

Please place the following document into the record of CC Docket 98-146.
If you require further information, please feel free to contact me at 202-418-1394. Thank you
for your assistance.

Tracey H. Wilson

No. of Copies rec'd 2
List ABCDE

98-146
99-294

UNITED STATES FEDERAL COMMUNICATIONS COMMISSION

In Re:)
)
FEDERAL - STATE JOINT)
CONFERENCE ON ADVANCED)
SERVICES)

RECEIVED
MAR 24 2000
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Volume: 1
Pages: 1 through 117
Place: Washington, D.C.
Date: March 8, 2000

HERITAGE REPORTING CORPORATION

Official Reporters
1220 L Street, N.W., Suite 600
Washington, D.C. 20005-4018
(202) 628-4888
hrc@concentric.net

No. of Copies rec'd _____
List ABCDE _____

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In Re:)
)
FEDERAL - STATE JOINT)
CONFERENCE ON ADVANCED)
SERVICES)

North Grand Ballroom
The Renaissance Hotel
999 9th Street, N.W.
Washington, D.C.

Wednesday,
March 8, 2000

The parties met, pursuant to notice, at
10:07 a.m.

COMMISSIONERS:

SUSAN NESS, Commissioner, FCC
G. NANETTE THOMPSON, Chair, Regulatory Commission of Alaska
ROBERT ROWE, Commissioner, Montana Commissioner
G. NANETTE THOMPSON, Chair, Alaska Commission
HAROLD FURCHTGOTT-ROTH, FCC
BRETT PERLMAN, Commissioner, Texas Commission
JOANNE STANFORD, Chair, North Carolina Commission
MICHAEL POWELL, Commissioner, FCC
IRMA MUSE DIXON, Chair, Louisiana Commission
STEVE FURTNEY, Deputy Chair, Wyoming Commission
KATHY BROWN, NTIA

PANELISTS:

GREG ROHDE, Assistant Secretary of Communications
and Information, NTIA Administrator
CHRIS MCLEAN, Acting Administrator, USDA,
Rural Utility Service
DR. ANTHONY WILHELM, Project Director, Benton Foundation

Heritage Reporting Corporation
(202) 628-4888

PANELISTS: (Continued)

MARIE GUILLORY, Vice-President of Legal and
Industry, National Telephone Cooperative Assn.
LESLIE HARRIS, Leslie Harris & Associates
JON GARCIA, Senior Engagement Manger,
McKinsey & Co., Inc.
CURTIS WHITE, President, Allied Telecommunications
LISA ZIFCAK, Research Analyst, Consumer Energy Council
of America
DONALD VIAL, Board of Directors, Alliance for Public
Technology
JAMES COLTHARP, Senior Director, Public Policy, Comsat
VINCENT THOMAS, Economic Development Specialist,
Office of NY Assemblyman Albert Vann

P R O C E E D I N G S

(10:07 a.m.)

MS. BROWN: Good morning.

I certainly don't think it's more importantly that you hear from me. In fact, my boss, Bill, is extremely sorry that he cannot be here this morning, and asked me really to state his sincere regrets. He's had a family issue that has arise that needed to take him out of town, and believe me, this is his favorite event of the year and it was very hard for him to have to do this, but unfortunately, he had to do that.

So he asked me to come and express his warmest wishes to you, to thank you for all of the work of the last year, and we sort of -- our years go from February to February, you know. Most people go from January to January but our year starts and end with NARUC, you know, at the middle July thing.

So this last year has been an exciting one and one that we owe you a great debt of thanks for. We have gotten a lot done and I want to talk about that a little bit. But again, my apologies for him not being here and I hope you will indulge me for a couple of minutes to bring you what news I can from the Chairman's office and then give you an opportunity, if you wish, to ask me any questions.

I was thinking about the title of that wonderful

Heritage Reporting Corporation
(202) 628-4888

1 book, "The New, New Thing." I love that title. The book is
2 fascinating too, by the way, but I love the title because
3 it's so Americanism. You know, we always want the new, new
4 thing, the new next thing, the next best thing, the Madonna
5 movie now is. You know, it's very American. It's got to be
6 the next, next thing.

7 And today's whole discussion, it seems to me, is
8 about the next new thing; that is, all about broadband, and
9 I think that it's particularly wonderful that this group
10 take it up as our first hearing; that is, a joint conference
11 of the federal and state folks who have been thinking about
12 these issues for a very long time that are going to sit
13 together and try to have that dialogue.

14 But I thought before I talk about the new, new
15 thing that I would like take just a couple of minute,
16 because I sometimes feel like we do miss the moment thinking
17 about the new, new thing, I'd like to take just a minute to
18 talk about this moment, about what we are doing now, about
19 what we have accomplished together, about what the short-
20 term goals are for us together over the next couple of
21 months, and then maybe talk a little bit more about our
22 broadband vision and the vision for the future.

23 And I wanted to talk first, and you will indulge
24 me on this, I always talk about it, about the unprecedented,
25 it seems to me, cooperation, communication, and really

1 communion, if you will, between the federal and state
2 regulators here in the telcom area.

3 It wasn't so long ago that the mission of all of
4 us who were trying to make peace was indeed to make peace;
5 you know, to find a way to be able to communicate with each
6 other. And I think we have done that exquisitively. We
7 have been able to establish basically a new protocol for the
8 way we are able to communicate and the way we are able to
9 make decisions, and today's event, it seems to me, is a real
10 tribute to that, working with Bob Rowe, with Joan Smith,
11 with JoAnne Stanford, with all of you over the years, past
12 and present, my friend, Sir Rosenbloom, Sharon Nelson, who I
13 had dinner with the other night, all of us who have worked
14 extraordinarily hard -- Tom Welch, I don't know, all of the
15 folks that I could name -- to try and find a way to talk to
16 each other and to understand our different world views.

17 And they are necessarily different world views.
18 At the state level where I spent some of my most fun years
19 your view very much is a local one and it should be. It's
20 all about the local development and economic development of
21 the state where you are.

22 At the national level, of course, the view is
23 broader and it has to be a national view, and so the
24 differences, the differences in the talents, the differences
25 in the strength, the differences in the needs of all the

1 states is something that one has to think about very deeply.

2 And then when one goes to the international arena,
3 you see the United States there is a part yet of a much
4 bigger whole.

5 And I have been privileged these last 15 years now
6 to be able to move between those levels, and it creates an
7 extraordinary perspective on how we can find ways to
8 communicate. So it has been a great personal and
9 professional gift to me that I think we have found those
10 ways between the state and federal regulator here, but also
11 much congratulation goes to all of you who have been willing
12 to engage in that dialogue.

13 So what have we been able to do? Well, we have
14 been able to set the rules of the road for the transition
15 her, an incredibly transition for our country. It's the
16 whole engine that's fueling our economic growth here. This
17 whole technology revolution is something that I'm afraid
18 while we are sitting in the middle of it we don't quite
19 understand the enormity of, but let me just take for a
20 moment and have you focus on what we are doing right now.

21 We are on the middle of the biggest transformation
22 in this country and indeed in the world since the industrial
23 revolution, and it sounds like that's just a pat phrase, but
24 it is true. We are changing the way through technology that
25 we are working, that we are playing, that we are learning,

Heritage Reporting Corporation
(202) 628-4888

1 and that we are living, and that's pretty profound.

2 Alan Greenspan talks all about -- all the time
3 about how the information technology revolution in this
4 country that started 20 years ago is now bearing the fruits
5 of increased productivity and increased wealth.

6 All of that has led us to examine what we are
7 doing in our area of this great revolution, that is, in the
8 telecommunications area, and to try to understand how we
9 contribute to the change and the transformation of this
10 entire industry broadly seen; that is, both the conduits
11 that we care about, the applications that are riding on
12 those pipes, on those wireless pipes, and the entire then
13 equipment marketing and all that's grown up around it.

14 We have one little tiny slice, and we have to
15 understand where we fit in that, when we need to step out of
16 the way, when we need to do things that are important for
17 this transition.

18 What's the most important things we have to do for
19 the transition? Two things, as we have been saying for the
20 last five years, and we keep saying them, open those markets
21 and ensure that universal service is available to all
22 Americans. That's our duty in this enormous transition. We
23 keep our eye on that ball and we are doing the right thing,
24 and we have done the right thing.

25 Together, we figured out the rules of opening the

Heritage Reporting Corporation
(202) 628-4888

1 market, interconnection, co-location. We've tacked together
2 the issues of universal service. We have worked together on
3 the joint board to try to understand how we can come to
4 consensus, and I think we have done it well.

5 There are still those, you know, who would like
6 conflict -- there really are -- because conflict -- when you
7 have conflict it looks like people are working very hard
8 because after all they have to write papers and they have to
9 fight with each other and they have to be very public about
10 how they disagree.

11 Consensus building, though, my friends, is so much
12 harder, and it indeed takes so much more time, so much more
13 energy and in my view, so much more imagination, and that's
14 what we have been about. So we need to congratulate
15 ourselves and we need to say "well done."

16 What do we need to do this year, to do the things
17 that we said we need to do; that is, open those markets and
18 ensure universal service for all Americans?

19 There is a list. The first, I think, and I'll
20 start with the competition side, is our whole 271 process
21 which I think, at least our experience at the federal level,
22 has again been successful with our collaboration with the
23 states. We need to ensure that we have a way of dealing
24 with 271 that is fair and that is efficient, and that we are
25 looking at this, yes, state by state, but also regionally.

1 And I am very gratified that Bob Rowe and friends have
2 talked about how to do this on a regional level to see
3 whether that's at all possible.

4 We want to be very involved in that process and to
5 really understand how we can more efficiently make sure that
6 as the 271 process unfolds it is both fair and fast.

7 Subsumed in that issue, but often not spoken
8 about, is the 251 obligations that incumbent carriers bear
9 and our own obligation to ensure that those statutory
10 requirements are met. That falls, again, to us as
11 regulators, both on the federal and state level.

12 I was struck by a little piece the other day where
13 some of the new entrants talked about what states they might
14 go into, depending upon the vigorous nature of the
15 regulation in that state. That both concerned me but also
16 informed me. It seems to me we all need a commitment to
17 strict enforcement at the state and at the federal level,
18 and that we ought to think about how that looks uniformly
19 across the country.

20 I think it's probably a mistake if we are drawing
21 competition one place but not another here, and we ought to
22 think clearly about why that's happening and talk to each
23 other about how we can ensure that there is uniform policies
24 and practices, or at least best practices across the country.
25 The may not be uniform, but at least we ought to learn from

1 each other as to how we get this job done.

2 We have committed ourselves to enforcement at the
3 Commission. We have set up a new enforcement bureau. I
4 think if you have not already met David Solomon and the
5 folks there that you ought to. This will become more and
6 more an important part of our work. We believe that as
7 regulation changes, as deregulation happens, enforcement
8 then becomes paramount.

9 The second thing we would like to do is take up
10 this issue of access charge reform. We have a very
11 promising proposal before us. The first round, we didn't
12 think, really captured all of the interests of the vital
13 stakeholders in the debate. We are more encouraged by the
14 second filing that has been made that the consumer voices
15 are much more prominent there. We hope in the next couple
16 of weeks as we go into our comment cycle that the state
17 commissions will fully participate, that we will understand
18 all of the issues around this, and that again in an attempt,
19 and we applaud the industry, the consumer stakeholders, the
20 state stakeholders who have already been involved in this
21 dialogue, again you see an attempt here to reached a
22 consensus view. Surely, when you do that nobody is
23 altogether happy, but then maybe nobody is altogether sad,
24 and we need to find that out, and we will have a comment
25 period in the next couple of weeks to see whether we can

Heritage Reporting Corporation
(202) 628-4888

1 move the ball on this area which has been so vexing to us
2 for such a long time.

3 In the numbering area, we are moving and will move
4 with you on numbering conservation. We have an item in this
5 meeting coming up on issues that are vitally important to
6 you around pooling. We have done some delegations over the
7 last year that I think have been highly successful. I feel
8 very proud of the work we have done with the states here,
9 and I think we have really benefitted American consumers
10 with respect to his very important around number
11 conservation.

12 And finally, I just want to point out the whole
13 consumer area and the work we have been doing on truth and
14 filling, truth in advertising, and then very importantly
15 with you on this whole slamming issue.

16 Again, as you know, we have collaborated with you
17 and we are looking at a proposal that NARUC and the states
18 have put before us with respect to how to deal with the
19 slamming issue and the rebate issues. That is very much on
20 the forefront on the Commission, and we hope within the next
21 couple of weeks, in the next couple of week, and surely by
22 the time we get together in the summer, that this is a done
23 deal and that we have it done.

24 We really are responsible to the American people
25 on this; that we have a scheme in place that will take care

1 of the schemes that are happening out in the marketplace.

2 So, finally, so I don't take up too much time, the
3 next, next thing, and that's all broadband, and that's what
4 you will talk about today, that's what we are delighted
5 you're talking about today. We at the federal level and
6 many of you at the state level, I think, think that the best
7 way to go at this is through market-based solutions, to take
8 a hard look at how the deployment is happening out there in
9 the marketplace.

10 But two points on that, and then I will let the
11 hearing happen, two points: What is the market and who is
12 the market? And I hope we have a lot of discussion around
13 that.

14 The market is different for each place because the
15 market is the consumers that are buy and demanding services,
16 and it seems to me we ought to think about the different
17 markets across the country, and how they are working or how
18 they are not working, and what the barriers are for a robust
19 market in any particular area, whether it be in America
20 suburbs, inner cities, or rural areas.

21 I do not believe in such a thing as a market
22 failure for the most part. I believe in human failure, that
23 we haven't brought the resources we need to ensure that we
24 understand who the consumers are, and we understand who
25 might serve those consumers because one entity may or may

1 not decide to serve that constituent group or that consumer
2 group doesn't mean another entity might not.

3 And it seems to me as we look at our public
4 policies we ought to make sure that we are creating the
5 environment so that providers who want to provide can get
6 into markets where people want to be served, and I would
7 hope that we can really talk that through in this hearing
8 and the other four hearings that we are holding around the
9 country.

10 We want to take that information back. We want to
11 be able to present in a report to Congress what it is that's
12 happening in America today, what is the consumer demand for
13 the new, new thing, what is the consumer demand for higher
14 speed internet access, and for new applications that we
15 believe will fuel the economy, will aid our educational
16 purposes, will help in our health care and we really truly
17 believe will make our lives better.

18 So I applaud again the Joint Conference for having
19 this hearing today, and I wish you all the best, and again,
20 regards from Bill Kennard, and as soon as he can he will be
21 back with you. Thanks.

22 (Applause.)

23 MS. BROWN: Any questions before I -- yes?

24 THE AUDIENCE: (Not on microphone).

25 MS. BROWN: I'm sorry. That there was what?

Heritage Reporting Corporation
(202) 628-4888

1 THE AUDIENCE: (Not on microphone.)

2 MS. BROWN: Yes, indeed, we have to work through -
3 - the question is around pooling, and the question really
4 goes to the pooling administrator, and whether and how we
5 have to do that through federal procurement issued. And
6 indeed there are some issues we have to work out and so the
7 fear is that this could be delayed and that the entire
8 pooling strategy could be delayed.

9 Let me just say here that we have already
10 delegated to, I believe, ten states the authority to do
11 pooling; that if in fact, and it's not clear to me whether
12 we will be delays, but if in fact we are delayed, we
13 obviously have the authority to do that, to delegate that
14 authority again where it's needed, if it's needed, across
15 the country, so we do not intend for anything to stop the
16 policy progression that we are on, and we pledge to work
17 with you in any state that faces a problem at this point,
18 and they can come on in and talk to us.

19 I think you will -- Ed Varma actually is here in
20 the audience someplace -- there he is, and so you are
21 welcome to talk with him about that.

22 Susan Ness, my wonderful colleague at the
23 Commission, is going to stand in for the Chairman. Chairman
24 Kennard has asked her to take his place today, and I'm
25 delighted that she is here, and is going to lead this

1 discussion here this morning in opening remarks for the
2 hearing, Thank you.

3 COMMISSIONER NESS: Thanks, Kathy.

4 if we could have the members of the Joint
5 Conference come up, please?

6 (Pause.)

7 I would like to welcome everyone to our first
8 Federal - State Joint Conference on Advanced
9 Telecommunications Services. I would also like to thank
10 Kathy Brown for her excellent report on the work of the
11 Commission and how beautifully she encapsulated the
12 wonderful working relationship that the Federal
13 Communications Commission has developed over the course of
14 the last couple of years with our colleagues on the state
15 commissions and with NARUC. We are very grateful for the
16 opportunity to work together to share each other's
17 experiences, to learn from each other and to move forward as
18 we introduce competition and ensure universal service across
19 our country.

20 I am also so very pleased to see how many people
21 are here today, people dedicated to the vitally important
22 task of the Joint Conference, namely, to ascertain the
23 extent of broadband deployment throughout the country. I'd
24 like to thank the chair of the Regulation Commission of
25 Alaska, Nan Thompson, for agreeing to serve as the co-chair

1 for today's field hearing.

2 Just one year ago the FCC issued its first report
3 on the deployment of advanced telecommunication services.
4 In that report, we concluded that the broadband industry was
5 in its infancy, and we pledged to monitor broadband
6 deployment on an annual basis.

7 In the past year, broadband has grown
8 substantially. More than a million residential consumers
9 subscribe to broadband services, at the same time some
10 communities have expressed concern that they are not
11 receiving the same access to broadband services as other,
12 typically more urban communities.

13 To respond to these concerns and to make the
14 judgment required by Section 706 of the Telecommunications
15 Act, the Commission must collect comprehensive data on where
16 broadband providers are rolling out their services.

17 Then we must determine whether broadband is being
18 deployed to all Americans in a reasonable and time manner.
19 To this end the FCC issued its second notice of inquiry two
20 weeks ago. Under Section 706, we must issue a final report
21 within six months.

22 Participation in the new economy depends on access
23 to advanced technology. Broadband infrastructure, which
24 delivers such services as high-speed internet access and
25 video conferencing, is becoming an essential component of

1 economic prosperity. Our joint mission as federal - state
2 partners is to ensure that that telecommunications
3 infrastructure is sufficient to deliver all of these
4 exciting applications, and we must ensure that these
5 broadband services are equally available in our classrooms,
6 in intercity neighborhoods and across rural America. All
7 Americans should be able to participate in this economic
8 revolution.

9 Just last week a 14-year-old boy in Bend, Oregon
10 sent a letter to the FCC. He claims that there is a fiber
11 optic line running through his family's property. However,
12 his family only has a battery-powered phone which operates
13 too slowly to connect to the internet. He wanted to know
14 why he couldn't connect to the internet, which he noted
15 would help him with his school work.

16 Now, there is evidence of demand. Each of us
17 might suggest different answers as to why he is unable to
18 connect to the fiber on his property. Maybe the line is
19 backbone fiber without an accessible point of preference.
20 Maybe there is no node close enough to the family house to
21 make it economical to access the fiber, or maybe there
22 simply are not enough skilled workers to get that particular
23 job done.

24 Any one of these answers could be correct, but the
25 fact is we do not have enough information to answer the

1 question. Before we start to craft solutions, we must
2 collect information and figure out whether a problem really
3 exists. This is where the Joint Conference comes in.

4 Our primarily goal at this point is to collect
5 data so that we can intelligently answer questions and make
6 good policy recommendations. We must find out whether
7 broadband is being deployed throughout the country, and if
8 deployment is lagging in some areas, we need to know what
9 might be causing that delay.

10 The Federal - State Universal Service Joint Board
11 announced on Monday that it would be reexamining the
12 definition of universal service later this year to determine
13 whether broadband services should be included. This Joint
14 Conference will not be duplicating that effort, but rather,
15 we will be complementing it by finding out the information
16 that is needed.

17 Our hearing today launches six-part series of
18 field hearings designed to gather information about the
19 status of broadband deployment throughout the country. These
20 six field hearings will be conducted over the next four
21 months. It's an aggressive schedule, but one that's
22 important because the information we gather and distill
23 during these hearings and site visits will began an
24 invaluable input in the Commission's second broadband
25 report.

1 Each hearing will have a different focus. Over
2 the course of the hearings we will examine different
3 technologies, we will assess the status of deployment in
4 inner city areas, in rural areas, remote areas and
5 communities with special needs. And we'll explore success
6 stories such as public/private partnerships and demand
7 aggregation efforts that have been instrumental in
8 delivering broadband services to individual communities.

9 Empowering individuals is what broadband is all
10 about. Our efforts to gather these best practices and then
11 share these lessons learned with as many communities as we
12 possibly can may be one of the most significant outreach
13 efforts that we can undertake.

14 Today, after an initial overview panel discussion,
15 we will turn our attention to questions dealing with
16 deployment of broadband in inner cities; determining whether
17 broadband services is lagging in inner cities is a difficult
18 task. Some suggest that deployment is lagging because of
19 class or race. Others suggest that aging and poorly
20 maintained infrastructure in our older cities is to blame.
21 This is where we really need your help. We need to better
22 understand what is really going on in our communities.

23 This afternoon, the members of the Joint
24 Conference are visiting a site in Northeast Washington where
25 public housing, which is right now in deplorable condition,

1 is being renovated and renewed with single-family homes and
2 townhouses wired with broadband capacity. Thus, every child
3 and adult will be able to access the internet, access
4 broadband health care services, and have the capability to
5 operate small businesses from their homes.

6 The visionaries that are making this happen are
7 also establishing a community center featuring a health
8 clinic supported with telemedicine, a video studio and a
9 computer lab and much more. We will be compiling success
10 stories such as this in our list of best practices, to
11 encourage others to initiate similar projects in their
12 communities, so together we have an awful lot of accomplish.

13 We're in the right place, the right time to help
14 to ensure that broadband is deployed in a time fashion to
15 all Americans.

16 Now, let me introduce the members of the Joint
17 Conference today. From your left to right we have JoAnne
18 Sanford, who is the chair of the North Carolina Commission,
19 public utility commission, she will moderating the first
20 panel. And then we have Irma Dickson, Chair of the
21 Louisiana Commission, who will be moderating the second
22 panel. Nan Thompson, Alaska Chair, is the co-chair for this
23 conference.

24 Then we have Bob Rowe, who is Commissioner from
25 Montana, who I will be introducing in a moment who is ex-

Heritage Reporting Corporation
(202) 628-4888

1 officio member of this conference; Commissioner Harold
2 Furchtgott-Roth from the FCC, one of my colleagues.
3 Commissioner Brett Perlman from Texas Commission;
4 Commissioner Michael Powell from the FCC; and Commissioner
5 Steve Furtney, who is Deputy Chair of the Wyoming Public
6 Utility Commission.

7 Commissioner Tristany of the FCC was to be here
8 today. She sends her regrets. She, unfortunately, has the
9 flu and did not want to inflict anyone here with that. So
10 she again wishes she could be here, but sends her regrets.

11 Now, to kick off the session I'd like to introduce
12 Commissioner Bob Rowe of the Montana Public Service
13 Commission who is the father of the Joint Conference. He
14 will say a few words about the history of the Joint
15 Conference.

16 In his spare time, Bob serves as president of the
17 NARUC. He also serves as the member of the Federal - State
18 Joint Board on Universal Service, and is the past chair of
19 the NARUC Commissions Committee.

20 Please give a warm welcome to Commissioner Bob
21 Rowe.

22 (Applause.)

23 COMMISSIONER ROWE: Thank you very much,
24 Commissioner Ness. I commend Chairman Kennard, Commissioner
25 Ness, Commissioner Furchtgott-Roth, Commissioner Powell and

1 Commissioner Tristany for their wonderful work creating the
2 Joint Conference. This is a marvelous cooperative
3 federalist enterprise, very much in keeping with the spirit
4 and the intent of the Telecommunications Act.

5 The act gave us many important tools. Section
6 251, 252, 271, to open markets and promote competition, and
7 I do believe that those are very important tools in many
8 rural markets as well as urban markets. And then, of
9 course, Section 254 to preserve and advance universal
10 service.

11 Section 706 demonstrates how far-sighted Congress
12 truly was. Its champions, including Senator Burns from my
13 home state, were visionaries. They told us do more, don't
14 be satisfied.

15 NARUC passed a resolution two years ago at this
16 meeting saying that Section 706 is an opportunity to grab
17 the brass ring of new technology, not an invention to pick
18 the low lying fruit. A mixed metaphor but still apt, we
19 think, and we began work on this project at that time.

20 Last summer NARUC submitted to the FCC a detailed
21 proposal for a Section 706 joint conference under Section
22 410(b). Specific functions set out in our proposal included
23 monitoring deployment through regional hearings, studies and
24 efforts; activating stakeholders; coordinating efforts by
25 seeking synergies, removing barriers and transferring

1 implementation back to the stakeholders, and disseminating
2 information to those best able to use it.

3 The proposal also discussed coordinated
4 deployment, for example, through Section 706 zones as we
5 call them. As we developed the Section 706 joint conference
6 proposal last year we particularly benefitted from the
7 participation of the Alliance for Public Technology, which
8 proposed a joint board on this topic two years ago.

9 I am pleased that former California PUC Chair Don
10 Vial will be one of our speakers today. Although having
11 gotten to know Don over the last several years, I tremble
12 about what he may say to us, but I'm certain it will be apt
13 and on point.

14 The Joint Conference's success, in my opinion,
15 will depend on the continued involvement of citizens'
16 organizations, such as APT and others, providers, users and
17 potential users at the community level, and through the
18 regional field hearings, the site visits and other efforts I
19 hope and I expect that we will emphasize the importance of
20 these direct contributions to solving the many problems.

21 Over the last several years I have become
22 convinced, and I think Commission Ness's remarks reinforce
23 it, that there is no one digital divide; rather, there are
24 many divides, and one contribution the Joint Conference can
25 make is to help us understand the specific nature of the

Heritage Reporting Corporation
(202) 628-4888

1 problems.

2 Based on what I have learned so far, I look at
3 the digital divides on basically two axes. Let's say on the
4 vertical axes we can look at layers of the net work. In the
5 particular situation is the concern backbone or transport
6 facilities? Is it internet points of presence or network
7 access points? Is it switching? Is it loop facilities of
8 whatever type? What are the relationship between layers of
9 the networks? For example, what's the tradeoff between
10 facilities in a central office and backhoe? What are the
11 tradeoff between investing and improved signal processing
12 and investing a new distribution plan?

13 These are the kinds of tough choices that are
14 being played out in the market right now.

15 Working down closer to the customer, is the
16 problem access to customer premises' equipment or network
17 devices? Is it absence of appropriate application, or is it
18 a question of human capital, possibly addressable through
19 training and technical support efforts.

20 On the other access, I think about the types of
21 problems faced at each layer of the network. Is the concern
22 the physical absence of facilities in a particular layer?
23 They are certain a problem in many areas. Is the problem
24 the price to use existing facilities? This is a real
25 problem in many other areas. Distance does, in my

1 experience, for most technologies in most situations still
2 cost money. Or is the concern quality? There are big
3 quality problems in many areas, and for many customers these
4 can directly affect decisions to invest or to expand
5 existing businesses.

6 All these disparate problems that I just
7 summarized have been described to me by customers
8 complaining specifically about what they labeled as the
9 digital divide. All these problems have been identified as
10 digital divide problems by people who are actually
11 experiencing them.

12 Well, depending on the problem, the solution may
13 be aggregation of demand, transparent back-haul of data
14 traffic, community access points, cyber cafes, any
15 electronic extension service or possibly loaning laptops to
16 school children. We heard exiting stories of the success of
17 that at the APT conference last week.

18 The bad news is from this approach that I don't
19 think there is any one strategy that will bridge all of
20 these digital divides. The good news is that there are a
21 multitude of approach, each appropriate to address specific
22 problems, and in combination, to bridge the many digital
23 divides. The good news is there are enormous opportunities
24 for creativity. The good news is that we can work together
25 to solves real problems in real communities while at each

1 level of the network it's possible to point to tremendous
2 successes, and these successes, I think, should be our
3 models.

4 I will mention a couple of good things happening
5 in Montana where, for example, the Consortium of Rural
6 Cooperatives has created the AMD-based main network which
7 will finish looping a substantial portion of Montana this
8 year. Another great example in Montana is the Vionet
9 Consortium, also sponsored by a number of the small
10 companies, and they are establishing now approximately 90
11 switched video suites, primarily in rural Montana locations,
12 including now on the indian reservations in many of the
13 small towns in the eastern part of the states, while many
14 other rural providers are now going out on a limb to start
15 providing DSL, and there are other good stories like that,
16 both among the small companies, the large companies, the
17 ILECs and the CLECs and many good stories from many
18 communities, urban and rural, around the country.

19 I hope over the course of this effort we will be
20 able to highlight the successes as well as the problems, and
21 ask questions, including what kind of support do successful
22 efforts need to thrive, how can they be replicated, in other
23 areas, and how can we build on or better these
24 accomplishments. Depending on the location, the customer
25 and the specific circumstances a particular digital divide

1 issue may have a competition answer, it may have a universal
2 service answer, or an answer that involves supporting state
3 and local economic development efforts.

4 The Rural Utility Service and NTIA are key
5 participants in addressing these kinds of problems, while as
6 federal and state commissioners we don't have all the
7 answers, we don't have all the resources, and we certainly
8 don't have all of the legislative direction to address these
9 many questions, and we shouldn't.

10 I hope through the Joint Conference we will be
11 able to assist in bringing together the parties who can help
12 assemble the pieces and the kinds of creative new
13 combinations that are the essence of entrepreneurialism. The
14 Joint Conference is an exciting project. I hope it will
15 move us beyond the telewars and the armies of lawyers and
16 lobbyists and advocates who have been fighting, and instead
17 focus on the many things we can really accomplish working
18 together.

19 The most exciting and important work, however,
20 will not occur in public hearings. It will take place in
21 the big cities, in the small towns and on the frontiers, as
22 we say in Montana, both urban and rural frontiers, where
23 people are working hard and creatively to solve real
24 problems.

25 So thank you and let's get to work.

Heritage Reporting Corporation
(202) 628-4888

1 (Applause.)

2 MS. THOMPSON: I'm going to speak to you briefly
3 this morning on behalf of the state commission joint
4 conference members to give you an idea what we are doing,
5 what our goals are, and how you can be involved in the
6 process. Our purpose in participating in this panel as
7 statement commissioners is to give you some tools to help
8 you make sure that broadband, that advanced services are
9 deployed in your own states.

10 A good place to find out what we are doing or to
11 get some of the resources is our web site and I believe that
12 the information that was handed out when you came in this
13 morning has a site on it but it's easy to find. You can go
14 to the FCC's web site and do "/jointconference." That web
15 site is going to be maintained, information about the
16 regional field hearings you have heard described here will
17 be posted shortly after the hearings. But one of the most
18 important tools that you are going to be able to be able to
19 connect with through that web site is a searchable data base
20 of successful deployment strategies.

21 When we as a group face the daunting task of
22 trying to gather information and come up with successful
23 strategies that might help advise folks on how to deploy
24 advanced services, we decided to do two things. We decided
25 to have these regional hearings to gather data and to

1 disseminate information about the process and options, and
2 also to have a more deliberative data collection effort.
3 Some states have already collected data about the status of
4 deployment in their states, but we are going to try and
5 gather some accurate information nationally.

6 Now, what we are going to do with all this
7 information is put it in what could be described as a book
8 but it's a book you access through our web page. There will
9 be a chapter for each of the regional field hearings, and it
10 will have an index so that when you as state commissioners
11 are trying to find out about a strategy you can look, cross-
12 reference by the size of the community, by the type of use
13 and the type of technology and find out what has happened,
14 what has been successful other places in the country to
15 ensure that that deployment takes place, and I urge all of
16 you to use that tool and to participate in its creation by
17 responding.

18 We are going to send out a survey probably within
19 the next few weeks to all the states. Now, in many of your
20 states, different folks -- maybe it's industry, maybe it's
21 the folks interested in telehealth -- have already gathered
22 some information, and we want to encourage you as state
23 commissioners to coordinate the efforts of those in your
24 state who have already acted, and present us with some
25 information that reaches across from the -- presents the

Heritage Reporting Corporation
(202) 628-4888

1 information from different groups in your state.

2 I also suggested I was going to say a few words
3 about why this is so important, and being in the nation's
4 capitol I can't resist the opportunity to say something
5 about democracy.

6 Kathy Brown very eloquently talked about what a
7 fundamental change this is, and I think that's something we
8 all realize. I think it's important because what this is
9 all about is really communication and information. That's
10 what the internet, that's what these advanced services
11 provide to folks, and communication and access to
12 information is something that's really fundamental to our
13 society and our way of government. We need to make sure
14 that everybody has access because our society is founded on
15 the principle that all citizens need to be able to get
16 whatever information they need about what's happening in
17 their government and their society, and to communicate with
18 their leaders.

19 So I hope that the work we are going to do as a
20 joint conference and as state commissioners will support
21 your efforts individually in your states to ensure that
22 advanced services are deployed quickly to all Americans.

23 I now want to invite Brett Perlman, Commissioner
24 Brett Perlman to introduce our panelists. We have folks
25 here who all have important backgrounds on this issue, and

1 we are going to encourage them to engage in a dialogue that
2 I hope will be informative to all of you.

3 COMMISSIONER PERLMAN: As several people have
4 already said, the real focus of the Joint Conference is to
5 collect information on the dissemination of broadband
6 technologies across the country, and we have five people --
7 six people who are eminently qualified to help us do this
8 today, and I'd like to introduce them and then turn it over
9 to JoAnne Sanford to lead us through a discussion.

10 Greg Rohde was confirmed by the Senate to serve as
11 the administrator of NTIA, and Assistant Secretary of
12 Commerce and Information on November 10, 1999. Prior to
13 serving in these capacities, Greg served as a senior aid to
14 Senator Byron Dorgan, as a chief policy advisor for more
15 than 10 years. He received a B.S. in education from North
16 Dakota State University and a Bachelor of Sacred Theology
17 from Catholic University.

18 Christopher McLean is Acting Administrator of the
19 Rural Utility Service. Prior to joining RUS, Chris worked
20 on the Hill for more than 15 years as legislative assistant
21 and general counsel to Senators Exxon and Carey. He was a
22 founding member of the Farm Team which helped craft the
23 universal service and rural provisions of the Federal
24 Telecommunications Act. He graduated with law and business
25 degrees from Clayton and he also has a Masters of Law from

1 Georgetown University.

2 Anthony Wilhelm directs the Benton Foundation's
3 Communications, Policy and Practice Program, a nonprofit
4 initiative to strengthen community interest efforts to shape
5 telecommunications policy. Tony has completed numerous
6 research projects on the effects of information and
7 communication technologies on low income and minority
8 communities as Director of Information Technology Research
9 at the Thomas Riviera Policy Institute. He also has a Ph.D.
10 from Claremont.

11 Marie Guillory heads the legal and industrial
12 division of the National Telephone Cooperative Association
13 which promotes the interests of its 500 small and rural
14 telephone cooperatives and commercial companies. She holds
15 a law degree from Rutgers.

16 Leslie Harris is the founder of Leslie Harris &
17 Associates, a government and public relations firm which
18 provides Washington representation and strategic services to
19 nonprofits and specializes in telecommunications. Leslie
20 has been a lawyer, lobbyist and strategist for over 15 years
21 and worked on the E-Rate Amendment to the FTA. She received
22 her law degree from Georgetown.

23 Jon Garcia, is a consultant with McKinsey &
24 Company where he specializes in telecommunications. During
25 1997, he left McKinsey to work for the chair of the FCC on

Heritage Reporting Corporation
(202) 628-4888

1 access charger form and universal service. He graduated
2 with honors from Howard Law School.

3 I think we have a panel that's eminently qualified
4 to help us understand this subject and I would turn it over
5 to JoAnne to lead us through the discussion.

6 MS. SANFORD: Thank you, Brett. Good morning and
7 a warm welcome to our panelists from all of us on the Joint
8 Conference. You are the big picture panel this morning, and
9 you are to help us focus on an overview of broadband
10 deployment. We begin a second panel at 11:45, at which time
11 we will narrow our focus to the issues of urban broadband
12 deployment.

13 Our format this morning is as follows: First, the
14 panelists will speak for two to three minutes a piece in the
15 form of some general but time-limited comments on the topic
16 that has been assigned.

17 Next, I will pose a series of five questions to
18 the panelists. As they respond, both federal and state
19 members of the Joint Conference are encouraged to engage in
20 a dialogue with our panelists over their answers. As always
21 in these matters, the clock is our enemy and I do have a
22 time keeper this morning. As I mention, we will end this
23 panel at 11:45 and begin our second panel.

24 So with that, I know we will have more questions
25 and interest than we have time, but we look forward to a

1 brisk discussion on these topics.

2 The first question -- well, no, I'm sorry. First
3 of all, you are to give your two-to-three-minute statements.
4 I am in a hurry, aren't I?

5 (Laughter.)

6 We will begin with Greg Rohde.

7 MR. ROHDE: Thank you very much. I take it we are
8 under the House rules, not Senate rules then, right?

9 (Laughter.)

10 I am very pleased to be here and I really have to
11 use some of my time to really extend my commendation to
12 Commissioner Bob Rowe and to Chairman Kennard and to his
13 colleagues at the FCC for really creating this forum. This
14 really is an excellent forum at which to fulfill part of the
15 requirements under Section 706, to look at the broadband
16 deployment issues, and so I really think this is an
17 excellent forum and I am really pleased that they have
18 established this.

19 Long before I came onto the team of the Clinton-
20 Gore Administration, the administration has been advocating
21 very strongly and forcefully the importance of broadband
22 deployment throughout the country, and the administration
23 continues to believe that the best means to achieve that
24 deployment is through the vision of the Telecommunications
25 Act, which is a vision of competition and universe --

1 preserving and advancing universal service.

2 I know that many have mistakenly declared that the
3 Telecommunications Act didn't have much to do with advanced
4 services, and that it was only about telephone service.
5 Well, I believe nothing could be further from the truth. If
6 you look at particular Section 706 and Section 254 are
7 specifically constructed with the objective of expanding
8 access to advanced telecommunications and information
9 services to all Americans.

10 Under 706 especially, particularly, the Commission
11 is instructed to encourage the deployment of advanced
12 services as well as to access the availability of advanced
13 telecommunications capability.

14 While competition is clearly going to be a driving
15 force in most of the country to expand access to advanced
16 telecommunications and information services, there is going
17 to be certain parts of the country that competition is not
18 going to be that driving force, and therefore universal
19 service is going to play a very critical role in looking at
20 the deployment if we are going to truly achieve the goals of
21 the Telecommunications Act to extend access to advance
22 telecommunications services to all Americans universal
23 service is going to be critical to all of that.

24 When one looks at the Telecommunications Act
25 itself, and I see that our colleague, Commissioner

1 Furchtgott-Roth brought the bible with him right there on
2 his desk, you look through Section 254, as Commissioner
3 Furchtgott-Roth knows very well, that the word "access" is
4 mentioned three times out of the six principals, and every
5 time you see the word "access" you see it connected with
6 advanced telecommunications and information services.

7 So I think I really would -- my message to this
8 Joint Conference as you go about your assessment and as you
9 go about examining these issues is to really look toward and
10 be faithful to the vision of the Telecommunications Act,
11 that the act envisioned a universal service system that was
12 truly forward looking, tied to an evolving level of
13 technology, looking ahead, and understanding -- and try to
14 assess clearly what the critical role that universal service
15 will play as well as in conjunction and in cooperation with
16 competition in other parts of the country.

17 Thank you.

18 MS. SANFORD: Thank you, Greg.

19 Chris McLean.

20 MR. MCLEAN: Well, thank you very much. It's an
21 honor to be here. I also applaud and congratulate
22 Commissioner Rowe and the entire commission members of the
23 conference for their work in this area. There could be
24 nothing more vital.

25 In fact, to highlight why we are here, just last

Heritage Reporting Corporation
(202) 628-4888

1 week President Clinton announced that \$5.3 billion of on-
2 line sales were recorded in the last quarter alone, and that
3 when President Clinton took office in 1993, there were 50
4 web sites. Today there are over 10 million. Information
5 technology sector of our economy accounts for one-third of
6 the economic growth and information-age jobs are nearly --
7 pay nearly 80 percent more than the national average.

8 And for rural America, information age digital
9 divide, closing the digital divide means that traditional
10 barriers of time, distance and geography can be swept away,
11 and the information age economic development can occur.

12 I think our mission is very clear. Congress spoke
13 very clearly in 254 and 706. Many have wondered what if
14 Congress had been more specific, what if Congress had laid
15 out some very clear standards like, for example, the
16 elimination of party line service, improvements in business
17 educational and medical services? What if Congress had said
18 that we should encourage and improve computer networks in
19 rural areas? What if Congress said that we should have
20 standards for uniform deployment of infrastructure that
21 calls for the reception of video, of conference calling, of
22 data at speeds of at least one megabit per second? Would
23 the work of this conference and the state and federal
24 commissions be any different?

25 Well, the fact is Congress did give that clear

1 guidance and gave that clear guidance three years prior to
2 the Telecommunications Act in the English amendment to the
3 Rural Electrification Loan Restructuring Act of 1993, and
4 that standard has guided the work of the Rural Utility
5 Service and I would encourage the state and federal
6 commissioners to look at that legislation to see if it can
7 guide the work of this conference.

8 Under that legislation, since 1993 our U.S. has
9 fined over \$1.2 billion of fiber optic facilities, \$750
10 million in digital switching systems and with hand-in-hand
11 features. Nearly all switches in our U.S. finance systems
12 are digital. And in administrating these policy, we have
13 found that new systems which are deployed or exchanges which
14 are built are not significantly more expensive than
15 providing narrowband service.

16 What is prohibitively expensive is if you were to
17 build a narrowband plant and then rip it out and rebuild it
18 to provide broadband technology several years down the road.

19 So I would encourage the Commission to not only
20 look at 254 and 706, but take a look at the English
21 amendment. It is the law of the land and it has -- the
22 Rural Utility Service has worked with that legislation and I
23 believe we have shown that modern advanced services are
24 affordable for all Americans, even in the most rural and
25 sparsely populated areas of America.

1 Thank you very much.

2 MS. SANFORD: Thank you, Chris.

3 Dr. Wilhelm, what insight does the Benton
4 Foundation bring to this issue?

5 DR. WILHELM: Thank you very much. There are so
6 many chairs up on the -- up here, I'm not quite sure whom to
7 direct my appreciation; certainly Chairman Kennard and
8 Nanette Thompson for allowing me this opportunity.

9 The question for us today is not only how fast
10 will broadband be deployed or what stellar examples can we
11 find out there of what's beginning to work out in the
12 communities, but the issue is rather what can we do now in
13 the near future to ensure that nobody is left behind in the
14 provision of essential services. We will need to examine
15 what regulators can do to ensure that the least fortunate in
16 our society, single-parent families, Native Americans,
17 recent immigrants, rural residents and the very poor do not
18 fall victim to the next generation of broadband digital
19 divide.

20 When Section 706 calls for deployment of services
21 to all Americans, there are no exceptions made for hard to
22 serve communities. These must also be served on a
23 reasonable and timely basis, otherwise regulators must take
24 immediate steps to accelerate the deployment of such
25 capability.

1 We know current there is a significant narrowband
2 digital divide that affects the adoption of many
3 technologies such as telephone, computer, internet and cable
4 services. While many communications technologies are being
5 adopted at lightening speed, patterns of acceptance are not
6 distributed randomly across social-economic strata. I think
7 importantly we need to start collecting the important
8 research to shed light on this issue so that we get beyond
9 sort of one-size fits all solutions to the problem.

10 Regulators will need to monitor and commission
11 robust data collection from industry and independent
12 sources. The next U.S. Department of Census report clearly
13 will need to include questions on broadband deployment and
14 we also need to start collecting some good qualitative data.
15 I was happy to see the idea of case study analysis and best
16 practices is very important.

17 The University of Delaware is currently creating a
18 geographic information system atlas that maps existing
19 community technology access centers onto a state-level grid
20 that shows what communities are covered in the provision of
21 public access to all communities, and I think that's sort of
22 GIS system is incredibly valuable and starts to show what
23 communities are being bypassed in the provision of services,
24 and Benton will help certainly identifying and chronicle
25 case studies as we move forward.

Heritage Reporting Corporation
(202) 628-4888

1 MS. SANFORD: Thank you.

2 Marie, Guillory, what's the perspective of the 500
3 small and rural cooperatives for whom you speak?

4 MS. GUILLORY: Thank you. I am happy to give you
5 that perspective.

6 I would first like to thank you for this
7 opportunity, particularly Commissioner Nanette Thompson from
8 Alaska.

9 I think I am here today because you know that NTCA
10 members are actually working hard at deploying broadband
11 capabilities in parts of their service areas where it is
12 feasible and economic to do so. They want to eliminate the
13 digital divide in rural America, to the extent that one
14 exists.

15 Our surveys and studies show, for example, that
16 over a third of our members expect to deploy DSL somewhere
17 in their service territory by the end of this months. Many
18 companies have been providing switched broadband services to
19 schools, colleges, medical training facilities, government
20 and civil organizations in remote areas for years, the kind
21 of vision that Commissioner Rowe mentioned, for example.

22 We tend to give these services less attention in
23 today's debate because they have been around for a long time
24 and they don't address last mile high-speed access to the
25 internet. I think this is a mistake. These distance

1 learning and distance medicine applications are an effective
2 way to maximize resources and spread the benefits of
3 broadband technologies to large groups of people. They
4 accomplish the same goals as the community telecommunication
5 centers that the President recently announced.

6 Let me take this opportunity to express our view
7 of regulatory policies needed to spur a small company
8 investment in the deployment of broadband capabilities. I
9 agree with Mr. Rohde. I believe that it is important to
10 focus on Section 254 of the Act as well as Section 706. It
11 is Section 254 which requires that rural customers have
12 access to reasonably comparable advance services at
13 reasonably comparable rates. The best efforts of small
14 telephone companies like the members of my association can't
15 overcome the critical fact that the cost of deploying
16 feasible broadband capabilities in rural areas are higher
17 than average just as the cost of bringing the universally
18 supported services to rural areas are higher than average.

19 Longer loops, for example, impose additional cost
20 on DSL deployment and lower densities make wireless cable
21 more costly to deploy in rural areas.

22 We don't know the total cost for deploying
23 broadband capabilities defined as 200 kilobits per second in
24 the last miles for the nation or for rural areas. We also
25 don't know the critical point at which it is no longer

1 economical to provide broadband capabilities in the last
2 mile and we don't know what is affordable either.

3 Our September 1999 survey, for example, showed
4 that one percent, the take for DSL was one percent at 39.95.
5 So while we make efforts to deploy and we have 30 percent of
6 our members deploying DSL, the take rate is one percent.

7 I hope that this Joint Conference can help to
8 answer these questions about costs, demand and affordability
9 and provide information to the Joint Board that will define
10 the -- that will evaluate the definition of universal
11 service under Section 254. Until we have a better
12 assessment of cost and demand, I suggest that we choose
13 carefully among the options in Section 706 to ensure that
14 the regulating methods imposed to promote advanced
15 capabilities do not misread the market, stifle investment or
16 create unfunded mandates.

17 Certainly we believe that the benefits of
18 ubiquitous deployment are not in question. Section 706 was
19 well advised and there are things that the states and the
20 FCC can do to encourage deployment while at the same time
21 doing no harm. Commissioner Rowe has done an excellent job
22 of outlining state options in his March article in the
23 "Federal Communications Journal." For now at the federal
24 level it's important to avoid unfunded mandates while the
25 difficult trilogy is being decided, access, separations and

1 universal service. We all have enough of unfunded mandates.

2 Also, it appears that many small telephone
3 companies are finding ways to bring broadband technologies
4 to rural areas without the mandates. Nonetheless, their
5 ability to provide comparable access and comparable rates in
6 these high-cost areas will continue to be an issue at the
7 deployment of broadband capabilities accelerates in urban
8 markets. That's why Section 254 must be factored into the
9 considerations of this joint conference.

10 MS. SANFORD: Thank you, Marie. You raise
11 valuable points about the imperative of assessing the extent
12 of the problem.

13 We will now hear from Leslie Harris who represents
14 nonprofits, a group of people who occupy a very important
15 niche in the market both as customers and as sources of
16 information for the project that we have launched upon
17 today?

18 MS. HARRIS: Right, and I appreciate the
19 opportunity to be here. I think my role is to talk about
20 schools and libraries and to urge you to examine their role,
21 particularly in light of the E-rate as anchor tenants in
22 many of these communities that are in fact spurring the
23 deployment of broadband and asking to take a close look at
24 that.

25 Schools and libraries don't really have a choice.

1 The kinds of applications, the number of individuals served
2 demands high-speed access. A school cannot really operate
3 on dial-up access for the kinds of things that support
4 curriculum or a library that support communities.

5 There is really very good news, and while it's
6 anecdotal, I can say that the E-rate has made broadband
7 access affordable for those communities where it's available
8 for schools and libraries. In the places that it had been
9 accessible, until the E-rate it was not affordable, and I
10 want to stop and thank the Joint Board and thank
11 Commissioner Ness. The word came back from the field when I
12 was preparing for this, but for the E-rate we would not be
13 here.

14 So there is a new and I think exciting source of
15 demand out there, and that is from the school and library
16 community, and in our conversations I can talk a little
17 about some of the amazing things that are going on out
18 there. I think it is a little less clear and premature to
19 be able to say we know that that demand is spurring
20 deployment.

21 We have anecdotal evidence, we have small school
22 districts in Texas that report they are the first
23 institution to obtain broadband access in their community.
24 We have Eagle, Alaska that reports that they are not only
25 the first high-speed access in their community, they are the